

Message Text

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PAGE 01 STATE 101571

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ORIGIN OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 /020 R

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OPIC/GC:CCOLE

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R 011700Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE

C O N F I D E N T I A L STATE 101571

E.O. 11652: GDS

TAGS: EINV

SUBJECT: CHASE INTERNATIONAL INVESTMENT CORP
INVESTMENT IN TEXTILERA TRES RIOS

1. CHASE EQUITY AND DEBT INVESTMENT IN TEXTILERA TRES RIOS
(TTR) COVERED BY OPIC POLITICAL RISK INSURANCE. ALL PARA 2
FACTS BASED ON STATEMENTS TO OPIC BY CHASE.

2. A. IN 1974, TTR PAST DUE ON US DOLLAR PRINCIPAL AND
INTEREST PAYMENTS DUE CHASE. TTR HAD NO RPT NO FUNDS TO
MAKE SUCH PAYMENTS. AFTER APRIL 1974 COLON DEVALUATION,
BANCO CENTRAL GAVE SPECIAL PERMISSION FOR TTR TO REMIT
MATURED LOAN INSTALLMENTS AND PAST DUE INTEREST AT FOREIGN
EXCHANGE RATE PREVAILING BEFORE DEVALUATION.

B. IN ORDER FOR TTR TAKE ADVANTAGE OF BANCO CENTRAL
SPECIAL RATE, CHASE IN JUNE AND JULY 1974 ADVANCED TTR DOLS
\$458,300 IN ADDITIONAL FUNDS. TTR CONVERTED CHASE ADVANCE
INTO COLONES AT NEW EXCHANGE RATE, THEN RECONVERTED INTO
DOLLARS AT OLD EXCHANGE RATE, THUS WAS ABLE REMIT TO CHASE
DOLS 587,633 ON PRIOR DEBT.

3. CHASE NOW SEEKS OPIC AGREEMENT THAT ITS INSURED INVEST-
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PAGE 02 STATE 101571

MENT UNDER OPIC CONTRACT NEED ONLY BE REDUCED BY EXCESS OF

TTR REMITTANCES OVER CHASE ADVANCE.

4. BEFORE DECIDING WHETHER TO ACCEDE TO CHASE'S REQUEST, OPIC MUST BE SATISFIED THAT FOREGOING ARBITRAGE WAS LEGITIMATE UNDER COSTA RICAN LAW AND THAT IN CASE OF FUTURE CLAIM BY CHASE UNDER OPIC CONTRACT, NO QUESTION OF LEGITIMACY COULD BE RAISED BY COSTA RICAN AUTHORITIES IF OPIC TOOK NOTES OR CURRENCY FROM CHASE AND ATTEMPTED TO EXERCISE SUBROGATION RIGHTS. PLEASE ADVISE, BUT REQUEST THAT YOU DO NOT CONSULT CENTRAL BANK IF YOU SEE ANY POSSIBILITY OF ADVERSE REACTION. KISSINGER

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